

**Washington State Auditor's Office**  
**Accountability Audit Report**

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**Alderwood Water and Wastewater  
District  
Snohomish County**

Audit Period  
January 1, 2003 through December 31, 2003

**Report No. 67617**

Issue Date  
**December 10, 2004**



Washington  
***State Auditor***  
Brian Sonntag

# Audit Summary

## **Alderwood Water and Wastewater District Snohomish County January 1, 2003 through December 31, 2003**

### ***ABOUT THE AUDIT***

This report contains the results of our independent accountability audit of the Alderwood Water and Wastewater District for the period January 1, 2003, through December 31, 2003.

We performed audit procedures to determine whether the District complied with state laws and regulations and its own policies and procedures. We also evaluated the internal controls established by District's management.

### ***RESULTS***

The District complied with state laws and regulations and its own policies and procedures. We did not identify any conditions significant enough to report as findings.

District officials are committed to maintaining a comprehensive framework of internal controls to address operational effectiveness and efficiency, legal compliance and financial reporting.

### ***RELATED REPORTS***

Our opinion on the District's financial statements is provided in a separate report, which includes the District's financial statements.

### ***CLOSING REMARKS***

We thank District officials and personnel for their assistance and cooperation during the audit.

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# Description of the District

## **Alderwood Water and Wastewater District Snohomish County January 1, 2003 through December 31, 2003**

### ***ABOUT THE DISTRICT***

The Alderwood Water and Wastewater District is in southwest Snohomish County and provides water and sanitary sewer to an area encompassing 60 square miles, with a population of 198,000 people. A five-member Board of Commissioners, elected to six-year terms by the voters of the District, governs the District's operations. The District, with operating revenues of approximately \$34 million and 95 employees, provides water and sewer service and maintenance.

### ***AUDIT HISTORY***

We audit the District annually. During the last five audits, including this audit, we have reported no findings. Our audit recommendations have been positively acknowledged by the District.

### ***ELECTED OFFICIALS***

These officials served during the audit period:

Board of Commissioners:

Donna Cross  
Roy George  
Larry Jones  
Phillip Lay  
Paul D. McIntyre

### ***APPOINTED OFFICIALS***

District Manager  
Assistant General Manager  
Director Finance  
District Engineer  
District Attorney

Arden Blackledge  
Larry Benfield, P.E.  
Ken Goodwin, CPA,  
Ken Howe  
Michael P. Ruark, Inslee, Ryder, P.S

### ***ADDRESS***

District

3626 156<sup>th</sup> Street Southwest  
Lynnwood, WA 98037-2399

# Audit Areas Examined

## **Alderwood Water and Wastewater District Snohomish County January 1, 2003 through December 31, 2003**

In keeping with general auditing practices, we do not examine every portion of the Alderwood Water and Wastewater District's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

### ***ACCOUNTABILITY FOR PUBLIC RESOURCES***

We evaluated the District's accountability in the following areas:

- Cash receipting
- Purchase of goods and services
- Work orders
- Accounts receivable
- Payroll
- Financial statement preparation and journal entries
- Clearview Authority

### ***LEGAL COMPLIANCE***

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Deposit and investment of public funds
- Required financial schedules
- Ethics/conflict of interest laws
- Open Public Meetings Act
- Allowable expenditures
- Credit card use
- Competitive bid law compliance
- Contracts and agreements
- Insurance coverage
- Bond covenants

### ***FINANCIAL AREAS***

Our opinion on the District's financial statements is provided in a separate report. That report includes the District's financial statements and other required financial information. We examined the financial activity and balances of the District including:

- Cash and investments
- Revenues
- Expenditures
- Long-term debt
- Overall presentation of the financial statements